

**UNITED STATES
DEPARTMENT OF AGRICULTURE
Office of The Chief Financial Officer**

**Strategic Plan
Fiscal Year 2002-2007**



December 2001

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I. Introduction

The approximately 1,800 employees of the Office of the Chief Financial Officer (OCFO) at headquarters and the National Finance Center (NFC) in New Orleans lead, direct, oversee, and administer financial management activities across the United States Department of Agriculture (USDA). In partnership with the program mission areas and USDA staff offices, OCFO prepares the Department's consolidated financial statements; monitors Department-wide audit findings and resolutions; administers debt-collection processes and policies; works with lending agencies to implement credit reform initiatives; coordinates the Department's strategic planning process; and establishes Department-wide skill-level standards for financial management personnel. OCFO also provides payroll and accounting services to USDA and other Federal Agencies; operates financial and administrative systems for USDA; and serves as the record keeper for the Federal Government's Thrift Savings Plan, a 401(k)-type retirement fund with 2.4 million participants.

The Secretary of Agriculture established the OCFO to comply with the Chief Financial Officers Act of 1990 (CFO Act) and to implement comprehensive reform of Federal financial operations, requiring long-range planning, audited financial statements, and accountability and measurement reporting mandated by this legislation.

Only Federal employees contributed to the preparation of the OCFO strategic plan. Senior Managers and the OCFO Government Performance and Results Act (GPRA) Coordinator prepared the revised Strategic Plan.

Legislative Mandates

Legislative mandates enacted over the last decade have significantly expanded the role of financial management in the operation of all Federal programs. Currently, 12 key Acts define the way OCFO carries out its responsibilities, including the Chief Financial Officer Act, the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), the Government Performance and Results Act (GPRA), the Government Management Reform Act, the Clinger-Cohen Act, the Federal Credit Reform Act (FCRA), the Cash Management Improvement Act, the Prompt Payment Act, the Debt Collection Improvement Act, the Single Audit Act, and the Inspector General Act, as amended. See Appendix A for a brief description of these Acts.

**Partnerships and
Coordination**

In carrying out its responsibilities, the Office of the Chief Financial Officer:

- Works closely with Departmental Administration, the Mission Areas and agencies, the Office of Budget and Program Analysis, the Office of Communications, the Office of General Counsel, the Office of the Inspector General (OIG), the Office of the Chief Information Officer, and other offices to coordinate services to all USDA agencies.
 - Is a partner with its counterparts in other Federal Agencies through participation in intergovernmental councils and workgroups, such as the Chief Financial Officers' Council and the Joint Financial Management Improvement Program (JFMIP) to develop financial management standards, procedures, and operating practices.
 - Works closely with oversight agencies, such as the Office of Management and Budget (OMB), the General Accounting Office (GAO), the General Services Administration, the Department of the Treasury, Office of Personnel Management, and others to formulate and implement policies and guidelines relating to financial and performance management.
 - Contributes to public and private financial standard-setting organizations, such as the Federal Accounting Standards Advisory Board, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, and the Private Sector Council, to aid in the development of sound financial policies. The development of such policies must be coordinated closely with USDA program agencies to ensure statutory requirements unique to USDA are considered and, further, that USDA's policies are consistent with Government-wide policy.
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II. Vision

Leading the way to fiscally sound, cost effective program delivery, supported by reliable financial management information and infrastructure.

III. Guiding Principles

- **Financial Management Accountability and Integrity:** As Federal stewards, we are committed to managing all of our programs through a system of internal control. We take responsibility for our actions and work to leverage limited resources to deliver the greatest value per tax dollar spent.
 - **Excellence:** We are a proactive organization that establishes and achieves meaningful goals, measures performance, and communicates results. We value individual excellence and collective success. We serve as the focal point for USDA financial management, embracing opportunities for change and improvement while being accurate and timely with our work.
 - **Customer Focus:** We value and maintain strong partnerships in achieving our goals. We reach out and listen to our customers to ensure that we are informed about their unique requirements, and they are informed about our capabilities as service providers. We are a customer-focused team, actively developing and providing products and services to meet customer requirements.
 - **Workforce:** We respect and value a highly skilled, enthusiastic, motivated, service-oriented and diverse workforce. We encourage innovation and risk taking. We invest in continuing professional development for all employees to ensure a technically competent and knowledgeable workforce.
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IV. Challenges and Opportunities

- Leveraging resources to accomplish the mission. This may require analyzing and/or re-engineering business processes; improving support systems and infrastructure; and utilizing interdisciplinary approaches and shared resources.
 - Addressing changing expectations from the Congress, the administration, customers, and stakeholders.
 - Responding to changing Government-wide requirements/priorities.
 - Managing the information explosion by making financial information more useful and usable.
 - Maintaining high quality customer service while keeping pace with technological change. This also requires determining how to better serve customers who might have unequal access to, and limited knowledge of, computers, and fostering creativity and innovation in customer service.
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V. Mission

The Office of the Chief Financial Officer will shape an environment in which USDA officials have and use high quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions.

VI. Strategic Goals, Objectives, and Performance Measures

GOAL 1

Promote sound financial management through leadership, policy and oversight.

OCFO works in partnership with agencies to ensure that the Department's financial management policies reflect sound business practices. Our efforts must result in reliable, accurate and timely data and financial statements that are audited and verified by the OIG and external agencies, such as GAO and OMB. OCFO is responsible for the preparation of USDA's consolidated financial statements; monitors Department-wide audit findings and resolutions; administers debt-collection policies and processes; works with credit agencies to implement credit reform initiatives; and establishes Department-wide skill-level standards for financial management personnel. OCFO's role in developing the USDA consolidated financial statements is critical to meeting the Department's objective for obtaining an unqualified financial statement audit opinion by fiscal year (FY) 2002.

Objective 1.1

Provide timely and reliable financial management information and counsel to USDA officials for corporate and program decisions.

Key Outcome Measure: OCFO will provide its customers with high quality, timely, and useful financial management information.

Baseline: USDA received a disclaimer of opinion on its FY 1999 Consolidated Financial Statements audit.

Target: For the FY 2002 financial statements and, thereafter, USDA will receive an unqualified audit opinion on its consolidated financial statements audit.

Key Outcome Measure: The processes for establishing credit reform subsidy cost estimates for USDA direct and guaranteed loan programs will be substantially corrected to meet Federal standards.

Baseline: In FY 2000, the Rural Development and Farm and Foreign Agricultural Service Mission Areas had material deficiencies in the way they calculated and accounted for their Credit Reform Subsidies, resulting

in significant financial statements and audit implications.

Target: In FY 2001, all major Credit Reform Subsidy deficiencies will be corrected.

Strategies to Accomplish the Objective:

- Ensure that timely financial information is readily accessible to USDA managers at all levels.
- Develop a financial management reporting strategy for USDA that addresses various user needs and Departmental requirements.
- Participate in committees, councils, task forces, and working groups that produce Government-wide policies, procedures, and standards.
- Fully implement FCRA requirements in all applicable USDA loan programs.
- Develop or employ tools to improve estimates of program cost.
- Implement Departmental financial policies and procedures.

Objective 1.2

Ensure prompt resolution of Department-wide audit recommendations and material deficiencies.

Key Outcome Measure: OCFO will ensure prompt resolution of Department-wide audit and material deficiencies.

Baseline: In FY 1998, 62% of audit findings were promptly resolved by management.

Target: By FY 2005, increase the number of audit findings resolved promptly to 70%.

Strategies to Accomplish the Objective:

- Expand oversight strategies to encourage agency management to correct audit and material deficiencies, as scheduled.
- Prepare quarterly reports to USDA and Agency Management on the

status of outstanding OIG and GAO audit findings and FmFIA material deficiencies.

Objective 1.3 Increase the collection of USDA outstanding delinquent debts and increase use of Electronic Funds Transfer (EFT) for payments.

Key Outcome Measure: Reduction in the amount of delinquent debt collected by USDA agencies through use of DCIA tools

Baseline: In FY 1999, ratio of collection by DCIA tools to eligible delinquencies was 11.5%.

Target: By FY 2005, improve the percentage of collectable delinquencies to 20%.

Baseline: In FY 1997, USDA paid 34.3 % of the number of payments by EFT.

Target: BY 2005, increase percentage of payments made by EFT to 80%.

Strategies for Achieving the Objective:

- Develop and expand initiatives to improve debt management
- Use available cash management tools to collect debt.
- Notify the vendors of EFT requirements; provide sign-up procedures; and offer vendors invoice information via the internet.

Objective 1.4 Ensure USDA and its agencies have systems, policies, and procedures in place to provide accountability for the assets and resources entrusted to USDA.

Key Outcome Measure: Full costs will be recovered for OCFO financial management and administrative services on a fee-for-service or reimbursable basis.

Baseline: OCFO will establish a baseline in FY 2002.

Target: OCFO will establish targets, based on baseline.

Key Outcome Measure: Achieve economy and enhanced productivity of commercial services through increased OMB Circular A-76 (The FAIR Act) competitions or direct conversion of commercial activities to private sources.

Baseline: To be determined in FY 2002 based on A-76 inventory.

Target: By FY 2003, complete 15% competition/conversion of FAIR Act Inventory.

Strategies for Achieving the Objective:

- Implement Activity Based Costing techniques and appropriate guidelines necessary to appropriately recover the full costs of key services provided.
- Submit complete and accurate FAIR Act inventory by due date.
- Train appropriate personnel in cost comparison studies.
- Identify needed contract, budget or other resources.

Objective 1.5

Foster an environment conducive to a well-motivated, productive, quality-oriented financial management workforce.

OCFO is a diverse professional organization, with offices in Washington, DC, and New Orleans, LA. Change is frequent within the OCFO organization. Several initiatives are currently underway designed to contribute to employees' job satisfaction and performance. We are also adopting in the headquarter's office NFC's Alternate Dispute Resolution practices and other processes which have been quite successful at NFC.

Key Outcome Measure: Foster an environment conducive to a well-motivated, productive, quality-oriented financial management workforce.

Baseline: OCFO will establish a baseline for employee satisfaction in FY 2002.

Target: OCFO will establish targets, based on baseline.

Strategies for Achieving the Objective:

- Promote diversity and ensure equal employment opportunity in hiring and promotion.
- Develop policies to resolve employee concerns by adopting and implementing a new Alternative Dispute Resolution process within headquarters.
- Develop action plan to implement policies and procedures for all major administrative processes for headquarters.

Key Outcome Measure: Build a strong, results-oriented, highly effective, and professional financial community within USDA.

Baseline: OCFO will establish a baseline in FY 2002.

Target: OCFO will establish targets, based on baseline.

Strategies for Achieving the Objective:

- Implement Individual Development Plans for all employees.
- Develop and implement a program offering developmental cross-training and other growth opportunities to staff.
- Develop plan of action to bridge the gap between current performance and desired performance.

GOAL 2

Implement and maintain an infrastructure to provide management with on-line real time financial management information necessary for sound decision making.

The CFO Act of 1990 requires the implementation of an integrated financial management system that is compliant with the Federal Standard General Ledger (SGL). It further requires that the system provide program decision makers with the reliable and timely information on which they base decisions for resource allocations and budget priorities; provide efficient and effective financial management services to USDA

managers and employees; enforce all applicable laws, rules, regulations and standards; provide safeguards against fraud, waste and abuse of government resources; and provide governing oversight offices and personnel with all required information in a timely manner. To accomplish this goal, USDA will complete the implementation of its Foundation Financial Information System (FFIS) on October 1, 2002 for all USDA administrative accounts; implement a comprehensive data warehouse reporting tool; and design, develop, and begin implementation of a corporate administrative systems strategy.

Objective 2.1 Implement an integrated financial management information system for USDA.

Key Outcome Measure: Ensure financial management and administrative systems meet OMB Circular A-127, FFMIA, other Federal standards and guidelines, and complies with the USDA corporate administrative system strategy.

Baseline: In FY 2000, USDA's Central Accounting System (CAS), which provided financial management services for approximately 60 percent of USDA's internal customers, did not meet OMB Circular A-127, FFMIA, JFMIP, and SGL requirements.

Target: Complete the implementation of USDA's FFIS, the new integrated financial management and reporting system, by FY 2003 to service 100 percent of all USDA internal customers.

Strategies for Achieving the Objective:

- Complete implementation of FFIS, which complies with Federal accounting standards, and a financial data warehouse reporting tool that provides real-time access to key financial data.
- Determine the systems which need to be replaced and/or re-engineered to efficiently implement USDA's new corporate administrative system strategy.
- Re-engineer, as appropriate, administrative systems and integrate them with financial management and accounting systems to produce reliable and readily accessible information to USDA managers at all level. essential for corporate decision making.

- Coordinate the implementation of Departmental standards for program asset management and other financial management component systems.
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GOAL 3

Provide superior cross-servicing for financial and administrative services to USDA and other Federal Government agencies.

The OCFO provides a variety of financial management and administrative services through NFC. The Center, which is located in New Orleans, LA, employs approximately 1,800 employees and is funded through the USDA Working Capital Fund. It provides centralized, automated, and integrated financial, payroll, personnel, administrative payments, and central accounting systems which serve more than 40 Federal Departments, including USDA, independent agencies, and congressional entities. The Center also operates the Thrift Savings Plan for the Federal Retirement Thrift Investment Board. Operations at NFC are financed entirely by fee-for-service or reimbursable based contracts with customers through the USDA Working Capital Fund. NFC has been undergoing a transformation to upgrade many of its systems and processes through numerous business process re-engineering projects and system replacements. NFC is also working towards controlling costs; moving to a Level 2 software development environment embodied in the Software Engineering Institute's Capability Maturity Model, (CMM) Version 1.1; and enhancing customer satisfaction of the services it provides in a corporate administrative systems environment.

Objective 3.1

Improve efficiency and customer satisfaction with NFC operation.

Key Outcome Measure: Ensure customers have a high rate of satisfaction with the services they receive from OCFO.

Baseline: In FY 2000, 88% of customers surveyed report satisfaction with NFC service levels.

Target: 92% by 2002.

Strategies for Achieving the Objective:

- NFC to focus on controllership responsibilities, as well as processing accountabilities.
- Improvement recommendations will be thoroughly considered and implemented where and when feasible.

Key Outcome Measure: Achieve CMM level 2 compliant operations standard for software engineering and management practices. This standardization is essential to support the increasing maturity of NFC's software engineering capabilities.

Baseline: In FY 2000, one NFC software development process was CMM, Level 2 compliant.

Target: FY 2005, all software development processes will be CMM, Level 2 compliant.

Strategies for Achieving the Objective:

- Implement CMM, Level 2 certification process for all OCFO software development.
- Ensure that NFC ADP operations keep pace with current general and support system requirements.
- Implement Service Level Agreements for all NFC customers.
- Ensure that the NFC automated data processing operations and capabilities meet current and/or leading edge industry standards.

Objective 3.2

Develop an Information Security Program.

This is a new objective in the strategic plan. Information Security (IT) has been a long time OCFO priority, and OCFO has a tested and proven track record of successful policies and procedures. It is recognized, however, that the IT sector is faced with unprecedented security challenges and advances in intrusion technology. In recognition of these challenges, and in response to customer concerns regarding security issues, NFC has undertaken an aggressive campaign to assess the state of

system security at the Center, and is committed to aggressive action to assure that NFC has security systems and procedures in place that not only meet but exceed industry standards.

Key Outcome Measure: Complete all actions necessary to ensure that NFC operations meet Industry Standards for IT security and fully support Office of the Chief Information Officer initiatives in IT Security.

Baseline: In FY 2001, 80% of NFC's critical information systems were evaluated and 50% of the mitigation plans were developed for vulnerabilities discovered through evaluations.

Target: By FY 2002, 100 percent of NFC critical information systems evaluated; by FY 2003, mitigation plans developed for vulnerabilities discovered through formal threat assessments.

Strategies for Achieving the Objective:

- Diagnosis and assessment of security vulnerabilities in order to take timely risk reduction actions.
- Work with the Cyber Security Officer of the Office of the Chief Information Officer's staff to explore potential deployment of a public key infrastructure (PKI) in order to bring further security controls to client transactions, data, and applications.
- Develop plans and seek funding in order to meet the Cyber Security Officer's requirements to further fortify the physical security controls associated with the information systems architecture.

**Human, Capital,
Information, and
Other Resource
Needs**

A diverse and highly skilled workforce, combined with state-of-the-art technology, are the critical resources necessary for the OCFO to provide the leadership necessary to accomplish goals of this plan.

The staff is required to have a broad range of knowledge, including: USDA's many diverse program requirements; information technology; and the financial systems requirements of OMB, JFMIP, financial management statutes, and Government-wide financial standards and reporting requirements. Staff must also be knowledgeable about budget formulation and execution; the proper reporting of receivables and

delinquencies; cost accounting; and techniques for review of fees and charges.

Data Quality

Reports and audits from the GAO, the OIG, and private contractors will provide information to assess the integrity and credibility of financial information and the efficiency of OCFO operations. Surveys and other generally accepted instruments or approaches currently being developed at NFC, will be used to assess customer satisfaction. USDA will develop and test methods and data to determine the effectiveness of efforts to improve financial management skills and capabilities.

VI. Program Evaluations to Manage for Results

**Progress
Evaluation**

Evaluation of OCFO's progress towards achieving the strategic goals of this Plan will include:

- Quantitative performance measures, where achievement can be quantified.
- Audits by OIG and GAO.
- On-time system implementation and successful operations.
- Periodic time-line updates and performance reports.
- Completion and analysis of customer service surveys.

OCFO must also ensure that its focus on strategic goals results in program managers' increased reliance on financial information for decision-making purposes. This process will require extensive communication with agencies. As appropriate, OCFO will make necessary changes to accomplish the objectives.

**Key External
Factors**

Achievement of the goals and objectives in this plan can be influenced by a variety of external factors beyond the control of the OCFO.

Mechanisms and safeguards must be established to compensate for their impact and provide USDA with efficient, timely, and accurate financial management and administrative services.

- The state of domestic and international economies; shifts in Administration and Congressional policies and priorities; and changes in the weather could significantly affect USDA programs and the way they are implemented. To mitigate these factors, new, flexible systems must be built that can react quickly to various changes. These systems must be integrated with the financial management systems to protect the Government's assets; ensure internal controls and efficient service delivery; and provide accurate reporting of financial and program information.
 - Budget restrictions limit our resources, often affecting our ability to meet requirements and achieve goals in a timely manner. This could require a prioritizing and/or postponement of selected activities to ensure legislated mandates are met.
 - Reductions and/or losses of experienced financial management personnel in USDA and in partner agencies could affect OCFO's ability to achieve its strategic mission and goals.
 - Workforce reductions at current and potential customer agencies may hinder NFC's ability to increase volume and deliver services at lower per-unit costs. OCFO will focus on improving technology and services to maintain a cost structure that emphasizes doing more with fewer resources.
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Appendix A: Description of Legislative Mandates

The following legislative mandates establish the framework that defines the Office of Chief Financial Officer's roles and responsibilities.

- **The Federal Managers' Financial Integrity Act of 1982 (FMFIA)** — Requires Federal agencies to meet standards of internal control and systems conformance.
- **The Prompt Payment Act of 1982** — Requires accurate and timely payment for goods and services.
- **The Inspector General (IG) Act Amendments of 1988** — Requires biannual reports to Congress and action on IG recommendations.
- **The Chief Financial Officers' Act of 1990 (CFO Act)** — Establishes the role and responsibilities of the Chief Financial Officer.
- **The Federal Credit Reform Act of 1990 (Credit Reform)** — Specifies the accounting and budget standards for direct and guaranteed loan programs.
- **The Cash Management Improvement Act 1990 (CMIA) as amended** — Requires use of improved cash management techniques.
- **The Government Performance and Results Act of 1993 (GPRA)** — Requires strategic and performance planning and reporting by all Federal agencies.
- **The Government Management Reform Act of 1994 (GMRA)** — Requires annual audited financial statements.
- **The Information Technology Management Reform Act of 1996 (Clinger-Cohen Act)** — Reaffirmed the CFO's responsibility for financial information systems.
- **The Federal Financial Management Improvement Act of 1996 (FFMIA)** — Requires adherence to specified accounting standards and implementation of financial information systems meeting Government-wide standards.

- **The Debt Collection Improvement Act of 1996 (DCIA)** — Specifies use of new debt management techniques and requires electronic disbursement of most Federal payments.
- **The Single Audit Act Amendments of 1996** — Requires effective internal controls with respect to Federal awards administered by non-Federal entities.

Appendix B: Linkage of USDA Key Outcome Measures to Proposed Annual Performance Measures

Linkage of Goals and Outcomes to the USDA Annual Performance Plan

Objective 5.2 of the USDA Strategic Plan, **Improve organizational productivity, accountability and performance**, provides a direct and immediate link to the OCFO's Strategic Plan. The OCFO Annual Performance Plan, which is derived directly from the objectives in the OCFO Strategic Plan, outlines annual performance goals and additional supporting tasks necessary to implement OCFO's strategies and achieve its performance targets and demonstrates progress.

How well OCFO performs its financial management responsibilities and accomplishes its goals and targets is, in turn, represented in the OCFO Annual Report. OCFO derives from this holistic process the insight on the measures it needs to take, the resources necessary to allocate, and priorities which might need to be rearranged to successfully implement its strategic objectives.

Strategic Plan Outcomes	Performance Plan Candidate Measures
<i>High quality, timely, useful financial information</i>	<ul style="list-style-type: none"> • The number of stand alone financial statements receiving unqualified opinions. • Reduction in stand alone reporting requirements. • Accessibility of financial management information.

Strategic Plan Outcomes	Performance Plan Candidate Measures
<i>Improved financial systems meeting the requirements of OMB Circular A-127 and the FFMIA and other requirements</i>	<ul style="list-style-type: none"> • Implement the Foundation Financial Information System for all USDA agencies. • Percent completion of the integrated corporate information system.
<i>Reduction in outstanding debt</i>	<ul style="list-style-type: none"> • Improve the ratio of delinquencies to total receivables. • Increase the percentage of payments made by EFT.
<i>Prompt resolution of Department-wide audit and material deficiencies</i>	<ul style="list-style-type: none"> • Percent of audits where corrective action is proceeding on schedule. • Percent of material FMFIA internal control weaknesses where corrective action is proceeding on schedule.
<i>Customer satisfaction with services</i>	<ul style="list-style-type: none"> • Improvement in customer satisfaction based on survey results.
<i>Improved employee satisfaction and staff morale</i>	<ul style="list-style-type: none"> • OCFO plans to develop measures based upon the National Performance Review Survey of Employee Satisfaction.
<i>Improved employee performance</i>	<ul style="list-style-type: none"> • OCFO will develop measures in conjunction with the implementation of Activity Based Costing techniques.
<i>Trained workforce</i>	<ul style="list-style-type: none"> • Percent of staff receiving relevant financial management training.